

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Strickland Analyst: LuAnna Hass Bill Number: AB 385

Related Bills: See Prior Analysis Telephone: 845-7478 Amended Date: April 16, 2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: HRA/Property Value Adjustment/Increase From \$34,000 to \$47,600 & Property Tax From \$250 to \$350

X DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended March 26, 2001.

X AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

X REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED March 26, 2001, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would increase the maximum property value and property tax equivalent under the Homeowners and Renters Assistance (HRA) program. This bill also would increase the household income amounts used to determine eligibility and the amount of assistance.

SUMMARY OF AMENDMENT

The April 16, 2001, amendments adopted the department's suggested amendments relating to an implementation concern raised by the department's analysis of the bill as amended March 26, 2001. The amendments would change the operative date to increase the household income amounts by a multiplier of 3.03 for the 2002 calendar year and increase these amounts for inflation beginning in the 2003 calendar year.

In addition, the amendments would add language to increase the household income amounts by a multiplier of 2.51 for the 2001 calendar year.

Except as discussed in this analysis, the department's analysis of the bill as introduced February 20, 2001, still applies.

Board Position:

<u> </u> S	<u> </u> NA	<u> </u> NP
<u> </u> SA	<u> </u> O	<u> </u> NAR
<u> </u> N	<u> </u> OUA	<u> X </u> PENDING

Legislative Director

Date

Brian Putler

05/10/01

POSITION

Pending.

IMPLEMENTATION CONCERN

This bill specifies that an increase in the income levels for homeowners and renters assistance would be operative with respect to assistance for the 2001 calendar year. Furthermore, the April 16th amendment would allow an increase in the income levels by a multiplier of 2.51 in addition to the existing law increase by a multiplier of 2.51 for the 1999 calendar year. The author's staff has indicated that it was the intent that all provisions of the bill be operative January 1, 2002, and the bill would be amended to remove the language that would increase the income amounts by a multiplier of 2.51 for 2001.

ECONOMIC IMPACT

Revenue Estimate

Based on data and assumptions discussed below, additional HRA assistance payments are projected to be as follows:

Estimated Impact of AB 385 As Amended April 16, 2001 Additional Assistance Payments (In \$Millions)			
Claim Period	2002-3	2003-4	2004-5
Homeowners	-\$16	-\$18	-\$18
Renters	-\$56	-\$60	-\$62
T o t a l	-\$72	-\$78	-\$80

Any possible changes in employment, personal income, or gross state product that might result from this provision are not taken into account.

Revenue Discussion

According to current Department data for Program year 2000-01, assistance was provided to 160,000 homeowners on the order of \$60 million and over \$258 million was distributed to approximately 490,000 qualified renters.

Estimates above were based on current filers by income class and additional filers due to normal growth and an incentive effect for first-time filers. It was assumed this bill would be effective January 1, 2002 and operative for claims filed for the 2002 claim year. Estimates for the second and third fiscal year are somewhat less than the prior projections from the analysis of the bill as introduced on February 20, 2001 (-\$83 million for 2003/04, and -\$93 million for 2004/05) due to a correction of a computational error that affected renters.

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